

AMENDED IN ASSEMBLY MARCH 13, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 232

Introduced by Assembly Member Chan
(Coauthors: Assembly Members Hancock, Koretz, Lieber,
Ridley-Thomas, and Vargas)
(Coauthors: Senators Ducheny, Kuehl, and Soto)

January 30, 2003

An act to add Article 3 (commencing with Section 127400) to Chapter 2 of Part 2 of Division 107 of the Health and Safety Code, relating to hospitals.

LEGISLATIVE COUNSEL'S DIGEST

AB 232, as amended, Chan. Statewide health planning and development: hospitals: self-pay policies.

Existing law provides for the Office of Statewide Health Planning and Development, which is charged with enforcement of various provisions of law relating to health facilities, including hospitals, as defined.

This bill would require each general acute care hospital, acute psychiatric hospital, and special hospital to develop a self-pay policy specifying how the hospital shall determine the prices to be paid by self-pay patients, as defined. The bill would require the self-pay policy to include a section addressing charity care patients. It would require each hospital to perform various functions in connection with the hospital self-pay policy, including notifying patients of the policy, and attempting to determine the availability of private or public health

insurance coverage for each patient. The bill would also specify billing and collection procedures to be followed by hospitals.

This bill would require the office to develop a uniform self-pay application to be used by all hospitals. The bill would require each hospital to provide information to the office, including a copy of ~~its~~ *the hospital's* self-pay policy.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Article 3 (commencing with Section 127400) is added to Chapter 2 of Part 2 of Division 107 of the Health and Safety Code, to read:

Article 3. Self-Pay Policies

127400. As used in this article, the following terms have the following meanings:

(a) "Hospital" means any facility that is required to be licensed under subdivision (a), (b), or (f) of Section 1250.

(b) "Office" means the Office of Statewide Health Planning and Development.

(c) "Self-pay patient" means a patient who does not have third party coverage from a health insurer, health care service plan, Medicare, or Medicaid. Self-pay patients may include charity care patients.

(d) "Underinsured" patient means a person whose deductibles, copayments, medical, or hospital bills after payment by third-party payers exceed the patient's ability to pay, determined in accordance with a hospital's charity care policy.

127405. Each hospital shall develop a self-pay policy specifying how the hospital shall determine the prices to be paid ~~by self-pay patients. These prices shall be based on the prices paid by Medi-Cal, Medicare, or workers' compensation.~~ *by self-pay patients. These prices shall not exceed the prices paid to the hospital for the same services by Medi-Cal or Medicare, or by a workers' compensation insurer pursuant to an official medical fee schedule.*

1 127407. Each hospital shall include in its self-pay policy a
2 section addressing charity care patients. The charity care section
3 of the self-pay policy shall specify the financial criteria and the
4 procedure used by the hospital to determine whether a self-pay or
5 underinsured patient is eligible for charity care. The policy shall
6 include all of the following:

- 7 (a) Financial eligibility criteria.
- 8 (b) Financial information required of the patient.
- 9 (c) A review process for charity care decisions.

10 127410. (a) Each hospital shall provide patients with oral and
11 written notice of the hospital's self-pay policy at the time of
12 admission and discharge. This notice shall be in the language
13 spoken by the patient. This shall be determined in a manner similar
14 to that required pursuant to Section 12693.30 of the Insurance
15 Code. All written correspondence to the patient required by this
16 article shall also be language appropriate.

17 (b) Notice of the hospital's self-pay policy shall be clearly and
18 conspicuously posted in locations that are visible to the public,
19 including, but not limited to, all of the following:

- 20 (1) Emergency department, if any.
- 21 (2) Billing office.
- 22 (3) Admissions office.
- 23 (4) Any other location determined by the office, to ensure that
24 patients are informed of the policy.

25 127415. The office, in consultation with interested parties,
26 shall develop a uniform self-pay application to be used by all
27 hospitals. In developing the application, the office shall consider
28 whether the application used for the Medi-Cal program and the
29 Healthy Families Program can be used as or incorporated in the
30 uniform self-pay application.

31 127420. (a) Each hospital shall make all reasonable efforts to
32 obtain from the patient or his or her representative information
33 about whether private or public health insurance or sponsorship
34 may fully or partially cover the charges for care rendered by the
35 hospital to a patient, including, but not limited to, any of the
36 following:

- 37 (1) Private health insurance.
- 38 (2) Medicare.
- 39 ~~(3) Medi-Cal, Healthy Families, California Children's~~

1 (3) *The Medi-Cal program, the Healthy Families Program, the*
2 *California Childrens' Services Program*, or other state-funded
3 programs designed to provide health coverage.

4 (b) As part of any billing to the patient, each hospital shall
5 provide the patient with a clear and conspicuous notice that
6 includes all of the following:

7 (1) A statement of charges for services rendered by the
8 hospital.

9 (2) A request that the patient inform the hospital if the patient
10 has health insurance coverage, Medicare, Healthy Families,
11 Medi-Cal, or other coverage.

12 (3) A statement that if the consumer does not have health
13 insurance coverage, that they may be eligible for Medicare,
14 Healthy Families, Medi-Cal, California Childrens' Services
15 Program, or charity care.

16 (4) A statement indicating how patients may obtain
17 applications for the Medi-Cal program and the Healthy Families
18 Program and that the hospital will provide these applications on
19 request. If at the time care is provided, the patient does not show
20 proof of coverage by a third-party payer specified in subdivision
21 (a), then the hospital shall send an application for the Medi-Cal
22 program and the Healthy Families Program to the patient. This
23 application may accompany the billing or may be sent separately.

24 (5) Information regarding self-pay and charity care
25 application, including the following:

26 (A) The hospital contact for resources for additional
27 information regarding charity care.

28 (B) A statement indicating how patients may obtain a self-pay
29 application from the hospital.

30 127425. In order to facilitate payment by public or private
31 third-party payers, the hospital shall allow at least 180 days before
32 commencing collection activities. During this 180-day period, the
33 hospital may do any of the following:

34 (a) Send a bill to the patient in accordance with existing law.

35 (b) Attempt to negotiate a payment plan in accordance with this
36 article.

37 (c) Attempt to collect payment from any responsible
38 third-party payer, either public or private.

39 (d) Provide any information that may assist the patient in
40 obtaining coverage through the Medi-Cal program or Healthy

1 Families Program, or any other public program for which the
2 patient may be eligible.

3 (e) Attempt to make a final determination as to whether the
4 patient may be considered a self-pay patient under the hospital's
5 self-pay policy or is eligible for charity care under the hospital's
6 charity care policy.

7 127430. (a) ~~Upon commencement of~~ *Prior to commencing*
8 collection activities against a patient, the hospital, any assignee of
9 the hospital, or other owner of the patient debt, including a
10 collection agency, shall provide the patient with a clear and
11 conspicuous written notice containing all of the following:

12 (1) A plain language summary of the patient's rights pursuant
13 to the Rosenthal Fair Debt Collection Practices Act, Title 1.6 C
14 (commencing with Section 1788) of Part 4 of Division 3 of the
15 Civil Code, and the federal Fair Debt Collection Practices Act,
16 Subchapter V (commencing with Section 1692) of Chapter 41 of
17 Title 15 of the United States Code. The summary shall include a
18 statement that the Federal Trade Commission enforces the federal
19 act.

20 (2) Information about nonprofit credit counseling services in
21 the area.

22 (3) A statement that the patient may still obtain care at the
23 hospital, despite the existence of the billing dispute. *This notice*
24 *shall also accompany any document indicating that the*
25 *commencement of collection activities may occur.*

26 (b) A hospital shall use reasonable efforts to negotiate a
27 payment plan with the patient prior to undertaking any of the
28 following actions:

29 (1) Selling or assigning a patient's account to any party,
30 including a debt collection agency.

31 (2) Reporting nonpayment or any other negative information to
32 a consumer credit reporting agency, as defined by Section 1785.3
33 of the Civil Code.

34 (3) Commencing any civil action against the patient for
35 nonpayment.

36 (c) For purposes of this section, "reasonable efforts to
37 negotiate a payment plan" means two efforts to contact the patient
38 by telephone and two efforts to contact the patient by mail.

39 127435. Each hospital shall provide to the office a copy of its
40 self-pay policy, eligibility procedures, review process, and

1 procedure for determining self-pay pricing, *in a format*
2 *determined by the office. The information shall be provided at least*
3 *biennially, or when a significant change is made. If no significant*
4 *change has been made by the hospital since the information was*
5 *previously provided, notification of the lack of change shall meet*
6 *the requirements of this section.* The office shall make this
7 information available to the public.

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